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**International Migration: Prospects and
Policies in a Global Market**

A Review Article

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The conventional division of migration research between “causes” and “consequences” is well honored by the editors of this compilation, although they refreshingly lay considerable emphasis on migration policies. The compilation contains impressive efforts to document migration trends, sketch the composition of migration flows, and list a multitude of repercussions of migration. The 20 chapters of the compilation encompass an array of diverse issues, perhaps the more interesting of which are the skill composition of migration flows, the assimilation and integration experience of migrants, and the widespread phenomenon of illegal migration. By and large, these three topics, as others, are addressed descriptively, not analytically. Yet the art of depiction is distinct from the practice of prediction: a wealth of evidence, in and by itself, cannot generate new theoretical constructs that, in turn, yield testable implications, nor can it direct, guide, and decipher additional empirical forays. The challenging questions then are whether the material presented in the compilation could inspire new thinking, especially with regard to the aforementioned topics, and if yes—how?

I. Skilled Migration

We read that migration of skilled workers from developing countries is not necessarily “bad” because “skilled emigrants repatriate their overseas earnings”

or because of “the return migration of [these] workers with enhanced skills and capacities” (98). But the story of skilled migration is more interesting than that because the home country can gain neither from the remittances of skilled workers who migrate from the country nor from their return home with improved skills acquired abroad. To see this, note that much of the human capital in a country is a result of decisions made by individuals. However, individual choices seldom add up to the social optimum. In particular, individuals do not consider the positive externalities that human capital confers in production. The result is that they acquire less human capital than is socially desirable. If individuals could be persuaded to form more human capital, the human capital in an economy could rise to the socially optimal level. The prospect of migration can induce individuals to form a socially desirable level of human capital. To see this, note that an economy open to migration differs from a closed economy not only in the opportunities it offers workers but also in the structure of the incentives that they face: higher prospective returns to human capital in a foreign country impinge on human capital formation decisions at home. Consider a setting in which an individual’s productivity is enhanced by his own human capital as well as by the economy-wide average level of human capital, and examine the relationship between the actual and the socially optimal formation of human capital in the economy. It is easy to identify conditions under which, from a social point of view, too little human capital formation takes place. Examine next the relationship between the actual and the socially optimal formation of human capital where migration is an option. It is possible to provide conditions under which per capita output and the level of welfare of all workers are higher with migration than in its absence and to show that a restrictive migration policy, in which the probability of migration of skilled workers is relatively small yet strictly positive, can enhance welfare and nudge the economy toward the social optimum. This line of reasoning points to the possibility of migration being conducive to the formation of human capital and casts migration as a harbinger of human capital gain rather than as the culprit of human capital drain. In a nutshell, the idea is that when the productivity of an individual in a closed economy or in a small open economy without migration is fostered not only by his own human capital but also by the human capital of others (say by the economy-wide average level of human capital), the individual who optimally chooses how much to invest in costly human capital formation will, from a social point of view, underinvest. Consequently, social welfare is affected adversely. Somewhat surprisingly, the ease of migration can mitigate this undesirable outcome. In fact, a well thought-through migration policy can ame-

liorate the tendency to underinvest in human capital and permit the formation of a socially desirable level of human capital.

II. Assimilation

We read that assimilation (in the United States) comes about with “rising length of stay, English proficiency, and exposure to American culture” and that “the varied pace and differing outcomes of assimilation may not depend entirely on an individual’s exposure to the host culture” (132). How to reconcile these two observations?

Common culture and common language do indeed facilitate communication and interaction between individuals. Consequently, migrants’ assimilation into the mainstream culture of their host country is likely to increase their productivity and earnings. Yet quite often migrants appear to exert little effort to absorb the mainstream culture and language, even though the economic returns to assimilation are high. This is puzzling. Could it be that migrants optimally elect not to assimilate?

It can be analytically shown that when interpersonal comparisons affect individuals’ well-being and when a greater assimilation results in migrants’ comparing themselves more with the richer natives and less with their fellow migrants, then the effort extended to assimilate will be muted. The presumption is that the more effort a migrant exerts in assimilating into the mainstream culture, the closer he will be in social space to the natives and the farther away he will be from his fellow migrants. The increased social proximity to the natives is disadvantageous. The analysis yields a condition under which concern for interpersonal comparisons reduces the optimal assimilation effort. This result implies that the choice of social proximity to reference groups and interpersonal comparisons entails migrants’ having a weak incentive to accumulate the skills that would enhance their productivity.

The pursuit of migration is an extreme example of the severing of ties with, or a distancing from, one’s friends and home. The “failure” of migrants to assimilate cannot be attributed merely to an urge to stay close to friends, or they would not have migrated to begin with. Nonassimilation arises from a fear of enhanced relative deprivation if they reduce their distance from the natives as a reference group. Fundamentally, migration means changing the people with whom one associates. But it would be wrong to infer that the departure for migration is the only change of associates. Through their actions, migrants can elect to associate more with some groups, less with others. When actions to keep in check the weight accorded to the rich natives as a reference group are not viable, then the very choice of migration destination could be

affected in an unexpected way: a less rich country will be preferable to a rich one; migrants will protect themselves from an unfavorable comparison by not migrating to where the comparison, when unavoidable, would be highly unfavorable. In a related fashion, the variance in the assimilation effort of migrants across host countries could arise from the variance in the income distance with the natives: the richer the natives, the weaker the effort to assimilate, other things being equal.

III. Illegal Migration

A wealth of data on illegal migration is sprinkled across several chapters of the compilation. For example, we read about policies “to counter undocumented migration” (71) and that several Asian countries attract much illegal migration from a portfolio of sending countries (93). Two interesting questions come to mind. First, what is it that a destination country gets from illegal migrants that it does not get from legal migrants? Second, does the treatment of illegal migrants vary, depending on their country of origin?

Notably, countries do differ in the extent to which they are lenient or harsh toward the illegal migrants in their midst, and particular countries appear to treat such migrants differently at different times. For example, most of the countries of southern Europe, whose illegal migrants come largely from North Africa where wages are very low, have been much more lenient than the countries of northern Europe, whose illegal migrants have often come from southern Europe where wages are not so low. While there could be cultural, sociological, or political reasons for this diversity, there may be an economic explanation for the apparent variation in the degree of tolerance accorded to illegal migrants.

Illegal migrants supply a valuable productive input: effort. But their status as illegals means that they face a strictly positive probability of expulsion. A return to their country of origin entails reduced earnings for them when the wage at origin is lower than the wage at destination. This prospect induces illegal migrants to exert more effort than comparable workers who face no such prospect. The lower the probable alternative home-country earnings, the harsher the penalty for illegal migrants on their return—for a given probability of expulsion—and the harder they will work at destination. While the home-country wage that awaits the illegal migrants upon their return is exogenous to the host country, the probability of their return is not. Given the home-country wage, a higher probability of expulsion will induce illegal migrants to apply more effort. Hence, different combinations of probabilities of expulsion and home-country wages yield the same level of effort. In particular, a high home-country wage combined with a high probability of return will elicit the

same level of effort as will a low home-country wage combined with a low probability of return.

Similarly, a change in the composition of the group of illegal migrants by country of origin, or a change in the wage rate in a given country of origin, will induce a corresponding shift in enforcement policy in the receiving country. Thus, variation in the extent to which receiving countries undertake measures aimed at apprehending and expelling illegal migrants can be attributed not to characteristics of the illegal migrants themselves but to a feature of the illegal migrants' countries of origin.

It is not difficult to formulate a simple model that rigorously yields two results: that illegal migrants supply more effort for a given destination wage rate than legal migrants and that given a strictly positive probability of expulsion, a lower wage rate at origin elicits a larger effort at destination. From the second result, it follows that the same level of effort by illegal migrants will be elicited by a combination of a low wage at origin and a low probability of expulsion as by a high wage at origin and a high probability of expulsion.

This consideration suggests that a country that hosts illegal migrants from poorer countries will be more tolerant of illegal migration than a country whose illegal migrants originate from countries that are less poor. An apparent warm compassion could be the outcome of cool consideration. Likewise, a country that seeks to elicit a particular level of effort from its labor force of illegal migrants and that faces a rise in the share of migrants from poorer countries can relax its apprehension and deportation policy. While this approach gives the appearance of benevolent tolerance, the underlying reason for the policy shift is a recognition that it is possible to procure toil more cheaply. How the wage at origin after migration, that is, the wage that migrants had given up but would earn if compelled to return, affects behavior at destination and how variation in this wage interacts with a variation in the degree of tolerance accorded to illegal migrants by the host country are questions that merit attention by the empirically oriented and policy-minded migration scholars who have contributed to this compelling compilation.